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May 20, 13

**VIA EMAIL** (bat@arayat.org)

**Peter C. McKitttrick**  
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Bienvenido A. Tan III

Re: Idylwilde Flies – Delivery of Finished Goods

Dear Mr. Tan:

Zach Mertens has asked me to contact you on behalf of Idylwilde Flies (Idylwilde). As you know, Idylwilde, through Katharine and Zach Mertens, has been corresponding with you and others at Maribel for several months regarding the status of the business relationship and the production and delivery of flies for the 2013 season. Because you have requested a termination the joint venture relationship between Idylwilde and Maribel, the Mertens have worked diligently and in good faith to reach an amicable arrangement for the termination or evolution of the business relationship between Idylwilde and Maribel.

One of the key elements of this cooperative effort was the agreement between Idylwilde and Maribel that the value of this business and its ability to pay some or all of its debts would be maximized by the successful delivery of flies for the 2013 season. In reliance on the agreement that customer orders would indeed be filled, Idylwilde solicited customer orders, provided Maribel with a series of purchase orders, and purchased and shipped the raw materials necessary to manufacture the flies. All of the purchase orders were accepted, and the raw materials and cash were delivered as promised. Idylwilde has fully complied with all of its obligations in relation to the receiving the flies from Maribel.

After not receiving any acceptable explanation of why the shipment scheduled for April 17<sup>th</sup> did not go out, Katharine received an email from Rick on May 10, 2013 explaining that all shipments have been halted “pending resolution of issues regarding joint venture and liquidation” at your instructions.

Maribel has no right to withhold these shipments. The failure to ship these goods has created significant uncertainty and difficulty with Idylwilde’s customers. Every day that goes by that Maribel wrongfully withholds the shipment of goods increases the damages incurred by Idylwilde.

Idylwilde and Mr. Mertens continue to be ready and willing to complete the negotiations for the windup of the business relationship with Maribel; however, there will be nothing to talk about shortly if the flies are not immediately shipped. I understand there has not been a complete understanding between the parties in



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regards to the final windup details; however, there was clearly an agreement that the inventory for 2013 would be completed and shipped. The projections for revenues and ability for Idylwilde to pay Maribel the sums previously projected will be destroyed unless the inventory is shipped immediately. This will be detrimental to both entities, and will only make the final details of the business separation more difficult to work out.

Also, Mr. Mertens is aware that former employee Christopher Conaty has contacted at least one Idylwilde customer and offered to sell him Idylwilde flies, which he claims he will obtain directly from Idylwilde's Philippine manufacturer. You should be aware that Mr. Conaty is contractually prohibited from such conduct, and Idylwilde does not consent to Maribel selling Idylwilde's inventory to any third party, including Mr. Conaty. By separate letter, Mr. Conaty is being advised of his breaches of his agreement, and that legal action will promptly follow if he does not cease and desist immediately.

Mr. Mertens and Idylwilde remain committed to working out a fair and just resolution regarding the wind up of the business relationship between Maribel and Idylwilde. Since Idylwilde has complied with all conditions for shipment of the flies, we look forward to confirmation that the past-due shipments of inventory will be released immediately, so the customer orders will be filled as promised.

Please have Rick contact Mr. Mertens directly and immediately regarding your consent to releasing the inventory. If you think it would be helpful to talk about this by telephone, I would be to arrange such a call with you. Thank you, Mr. Tan.

Sincerely,

A handwritten signature in black ink, appearing to read 'Peter C. McKittrick', with a long horizontal line extending to the right.

Peter C. McKittrick

Enclosures

cc: Zach Mertens (via email)